

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVISORY

OCT 02 2006

Approved by OMB

3060-0589

Page 1 of 1

(1) LOCK BOX # 358140		STAMP AND RETURN		SPECIAL USE ONLY	
				FCC USE ONLY	
SECTION A - PAYER INFORMATION					
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) SRT Communications, Inc.			(3) TOTAL AMOUNT PAID (U S Dollars and cents) \$6,840.00		
(4) STREET ADDRESS LINE NO 1 P.O. Box 2027					
(5) STREET ADDRESS LINE NO 2					
(6) CITY Minot			(7) STATE ND	(8) ZIP CODE 58702-2027	
(9) DAYTIME TELEPHONE NUMBER (include area code) (701) 858-1200			(10) COUNTRY CODE (if not in U S A)		
FCC REGISTRATION NUMBER (FRN) REQUIRED					
(11) PAYER (FRN) 0004313342			(12) FCC USE ONLY		
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET					
(13) APPLICANT NAME SRT Communications, Inc.					
(14) STREET ADDRESS LINE NO 1 P.O. Box 2027					
(15) STREET ADDRESS LINE NO 2					
(16) CITY Minot			(17) STATE ND	(18) ZIP CODE 58702-2027	
(19) DAYTIME TELEPHONE NUMBER (include area code) (701) 858-1200			(20) COUNTRY CODE (if not in U S A)		
FCC REGISTRATION NUMBER (FRN) REQUIRED					
(21) APPLICANT (FRN) 0004313342			(22) FCC USE ONLY		
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET					
(23A) CALL SIGN/OTHER ID		(24A) PAYMENT TYPE CODE BEA		(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC)		(27A) TOTAL FEE \$6,840.00		FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2			
(23B) CALL SIGN/OTHER ID		(24B) PAYMENT TYPE CODE		(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)		(27B) TOTAL FEE		FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2			
SECTION D - CERTIFICATION					
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief					
SIGNATURE _____			DATE _____		
SECTION E - CREDIT CARD PAYMENT INFORMATION					
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____					
ACCOUNT NUMBER _____			EXPIRATION DATE _____		
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described					
SIGNATURE _____			DATE _____		



SRT COMMUNICATIONS, INC.
MINOT, ND 58702

PLEASE DETACH AND RETAIN

No. 76717

DATE	INVOICE #	DESCRIPTION	GROSS	NET
09/28/2006	FILING FEE-VELV	38929 FEE FOR STUDY AREA	6,840.00	6,840.00
Vendor:	707	FEDERAL COMMUNICATIONS	Totals: 6,840.00	6,840.00

WARNING: ORIGINAL DOCUMENT HAS A TRUE WATERMARK ON REVERSE SIDE. HOLD TO LIGHT TO VIEW.



PO Box 2027
Minot, ND 58702-2027

GENERAL FUND

No. 76717

FIRST WESTERN BANK
MINOT, ND 58702

77-1044
913

Six Thousand Eight Hundred Forty and no/100*****

707

PAY
TO THE
ORDER
OF

FEDERAL COMMUNICATIONS
COMMISSION
WIRELINE COMPETITION BUREAU
P.O. BOX 358145
PITTSBURGH PA 15251-5145

DATE	CHECK NO.	AMOUNT
09/29/2006	76717	\$*****6,840.00

Lele H. Lawton
[Signature]

Security features are included. Details on back.

76717 091310440 100300

LUKAS, NACE, GUTIERREZ & SACHS

CHARTERED

1650 TYSONS BOULEVARD, SUITE 1500
MCLEAN, VIRGINIA 22102
703 584 8678 • 703 584 8696 FAX

WWW.FCCLAW.COM

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Writer's Direct Dial
(703) 584-8661
dnace@fcclaw.com

October 2, 2006

Federal Communications Commission
Wireline Competition Services – PPD
Tariffs Accounting Rule Waiver
PO Box 358140
Pittsburgh, Pennsylvania 15251-5140

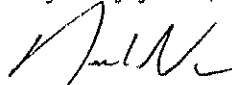
Dear Sir or Madam:

Transmitted herewith is a "Petition For Waiver To Change Study Area Boundaries" in connection with SRT Communications, Inc.'s planned acquisition of assets of North Dakota Telephone Company for the Velva Exchange in North Dakota.

This submission includes FCC Form 159 and a check from NCC in the amount of \$6,840.00 in payment of the required filing fee.

Should any questions arise, please communicate directly with this office.

Very truly yours,



David L. Nace

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554**

In the Matter of)	
)	
SRT COMMUNICATIONS, INC.)	
(FRN 0004313342))	CC Docket No. 96-45
)	
An Incumbent Local Exchange Carrier in)	
the State of North Dakota)	
)	
NORTH DAKOTA TELEPHONE COMPANY)	
(FRN 0002638641))	
)	
An Incumbent Local Exchange Carrier)	
in the State of North Dakota whose assets)	
only for the Velva Exchange are to)	
be Acquired)	
)	
Petition of Local Exchange Carriers for Waiver)	
of "Study Area" Boundaries as defined in)	
Appendix – Glossary of Part 36 in connection with)	
a Proposed Acquisition by SRT Communications,)	
Inc. of all assets of North Dakota Telephone)	
Company for the Velva Exchange in North Dakota)	

To: Wireline Competition Bureau, Telecommunications Access Policy Division

PETITION FOR WAIVER TO CHANGE STUDY AREA BOUNDARIES

SRT Communications, Inc. ("SRT") and North Dakota Telephone Company ("NDTC") (jointly the "Applicants") hereby apply for waiver of the Commission's freeze on changes of "study area" boundaries set forth in Part 36, Subpart H, Appendix-Glossary of the Commission's Rules. Grant of the requested waiver will facilitate SRT's proposed acquisition of assets of NDTC for the Velva exchange in North Dakota by SRT, at which time NDTC will continue to operate as a local exchange carrier in other exchanges. In support of this petition, the following is respectfully shown:

Factual Background and Purpose of this Petition

1. SRT has been a provider of telecommunications services within the State of North Dakota since 1951, and is subject to regulation and general supervision by the Public Service Commission of North Dakota ("PSC"). SRT serves 26 rural exchanges in north central North Dakota. As of June 30, 2006, SRT provided service to 37,696 access lines. SRT desires to provide essential telecommunications service in the Velva exchange located in McHenry County, North Dakota. As of June 30, 2006, NDTC provided service to 720 access lines in the Velva exchange.

2. NDTC is based in Devil's Lake, North Dakota and owned by three North Dakota-based telephone cooperatives. They are: United Telephone Mutual Aid Corporation (40.5% equity owner), based in Langdon, North Dakota; Dakota Central Rural Telephone Cooperative (19% equity owner), based in Carrington, North Dakota; and Polar Communications Cooperative (41.5% equity owner), based in Park River, North Dakota. NDTC has nearly 20,000 access lines. NDTC acquired the Velva exchange on June 1, 1996.

3. SRT and NDTC have entered into a Purchase and Sale Agreement for SRT's purchase of NDTC's assets of the Velva exchange relating to provision of local exchange telecommunications service, exchange access and other local telecommunications service in the Velva exchange.¹ As of the closing date of the transaction (anticipated in late 2006), NDTC

¹ NDTC does not provide interstate or international telecommunications services. Subscribers to NDTC's local exchange service in Velva and elsewhere have the ability to select any of numerous interexchange carriers for such services. One of many options offered to NDTC customers are the services of North Dakota Long Distance in which NDTC and its owners collectively hold a non-controlling ownership interest. SRT will make available to customers of the Velva exchange, as one of their options for interexchange services, the services of SRT Long Distance which is an affiliate of SRT. No customers of the Velva exchange will be obligated to make any change in their selection of interstate

intends to cease doing business as a provider of local exchange telecommunications service, exchange access and other local telecommunications services in the Velva exchange, at which time SRT will provide such services in the Velva exchange. There will be no interruption of telecommunications services to the public as the result of the proposed asset sale. SRT and NDTC have applied to the PSC for all necessary PSC authorization, including a Certificate of Public Convenience and Necessity, for SRT to acquire the NDTC Velva exchange assets and to provide such services in the Velva exchange.²

4. Both SRT and NDTC participate in NECA pools to collect access charges from interexchange carriers at the rates contained in tariffs filed by NECA. SRT participates as an “average schedule company” and, as such, receives compensation for use of interstate common carrier services on the basis of formulas approved by the Commission.³ NDTC is a “cost company” and also receives compensation for use of interstate common carrier services based upon formulas approved by the Commission.

Identification of Exchange Areas

5. SRT’s current exchange areas are shown on a map attached as Exhibit A to this petition. As shown, the Velva exchange is surrounded by SRT exchange areas.

6. Applicants request a waiver of the definition of study area to permit SRT to include the Velva exchange within the SRT study area upon completion of the proposed transaction

(...continued)

or international service provider following the sale of the Velva assets of NDTC to SRT.

² SRT and NDTC intend to file a supplement to this application to provide a copy of the PSC’s anticipated order that grants authorization for the transaction and SRT’s provision of local exchange telecommunications service, exchange access and other telecommunications services in the Velva exchange.

³ See, Section 69.606(a) of the Commission’s rules.

Application for Waiver

7. Grant of a waiver is warranted pursuant to the Commission's guidelines for consideration of study area waivers. The Commission froze the study area boundaries to prevent abuse of the Universal Service Fund ("USF"). In this instance there will be no negative impact on the USF because the party that proposes to acquire the Velva exchange, SRT, will receive no more in USF distributions for that exchange than would be received by NDTC for the Velva exchange. Here, there is no potential for abuse of the USF as the result of the combination and a waiver should be granted allowing the asset sale to proceed.

8. Following is information concerning Interstate Common Line Support ("ICLS") received by Applicants:

- (a) SRT's ICLS per access line (39,319 lines) - \$5.53 per line;
- (b) SRT's monthly total of ICLS - \$217,270;
- (c) SRT's yearly total of ICLS - \$2,607,240;
- (d) NDTC's ICLS per access line (based on 720 Velva access lines) - \$3.80;
- (e) NDTC's monthly total of ICLS - \$2,736;
- (f) NDTC's yearly total of ICLS - \$32,832;
- (g) After the acquisition of the Velva exchange, SRT will continue to receive approximately \$5.53 in ICLS per access line. This amount may fluctuate somewhat due to the National Exchange Carrier Association's yearly calculation of ICLS. With only 720 acquired Velva lines, it is not expected there will be a major change in ICLS per line.
- (h) SRT's estimated total monthly ICLS after acquisition - \$220,000; and
- (i) SRT's estimated total yearly ICLS after acquisition - \$2,640,072

9. Public interest benefits will be recognized from the proposed acquisition of Velva assets by SRT and SRT's provision of telecommunications services in the Velva exchange. All NDTC members who subscribe to local exchange telephone service in the Velva exchange as of the closing date will become full cooperative members of SRT earning capital credits starting as of the closing date. The Velva exchange is surrounded by SRT's existing landline exchanges. Customers in the Velva exchange will be able to call the Minot community toll free under SRT's Extended Area Service Plan. Velva residents currently incur toll charges for calls to Minot. Minot is the economic hub city for the community of Velva. In addition, SRT already serves Velva exchange customers with wireless telephone services and cable television services. Velva exchange customers will now be able to obtain both landline and wireless services from one provider.

10. Part 36 of the Commission's Rules "freezes" the definition of study area to the boundaries which were in existence on November 15, 1984. Although the rule was adopted to prevent segregation of territories to artificially maximize high cost support,⁴ the Commission on many occasions has recognized that changes "that result from the purchase or sale of exchanges in arms-length transactions" do not raise the concerns which prompted the freeze.⁵

11. Applicants have filed a joint petition with the PSC which describes their transaction plan and which requests approval for the transaction. NDTC requests to assign its designated geographical service area for the Velva exchange to SRT. SRT has been designated by the PSC as an eligible telecommunications carrier to receive USF support under Sections 214 and 254 of the Communications Act of 1934, as amended (the "Act"), and requests that its designated geographical service area be expanded to include the Velva exchange for purposes of determining universal service obligations and support mechanisms under the Act.

⁴ 1984 Joint Board Recommended Decision, at para. 65.

⁵ See, e.g., *Alltel Corporation*, DA 900-1816, File No. AAD 90-14 (rel. Dec. 14, 1990), at 1.


Conclusion

12. For the reasons explained, Applicants request waiver of the study area definition to permit SRT to include the Velva exchange within the SRT study area upon completion of its acquisition of Velva exchange assets from NDTC. Such action will have no negative impact on the USF and will provide public interest benefits as described in this petition.

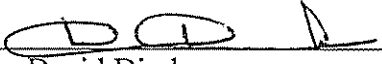
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Respectfully submitted,

SRT COMMUNICATIONS, INC.

By: 
Steve D. Lysne
General Manager/CEO

NORTH DAKOTA TELEPHONE COMPANY

By: 
David Dircks
General Manager

Attorneys for Applicants:

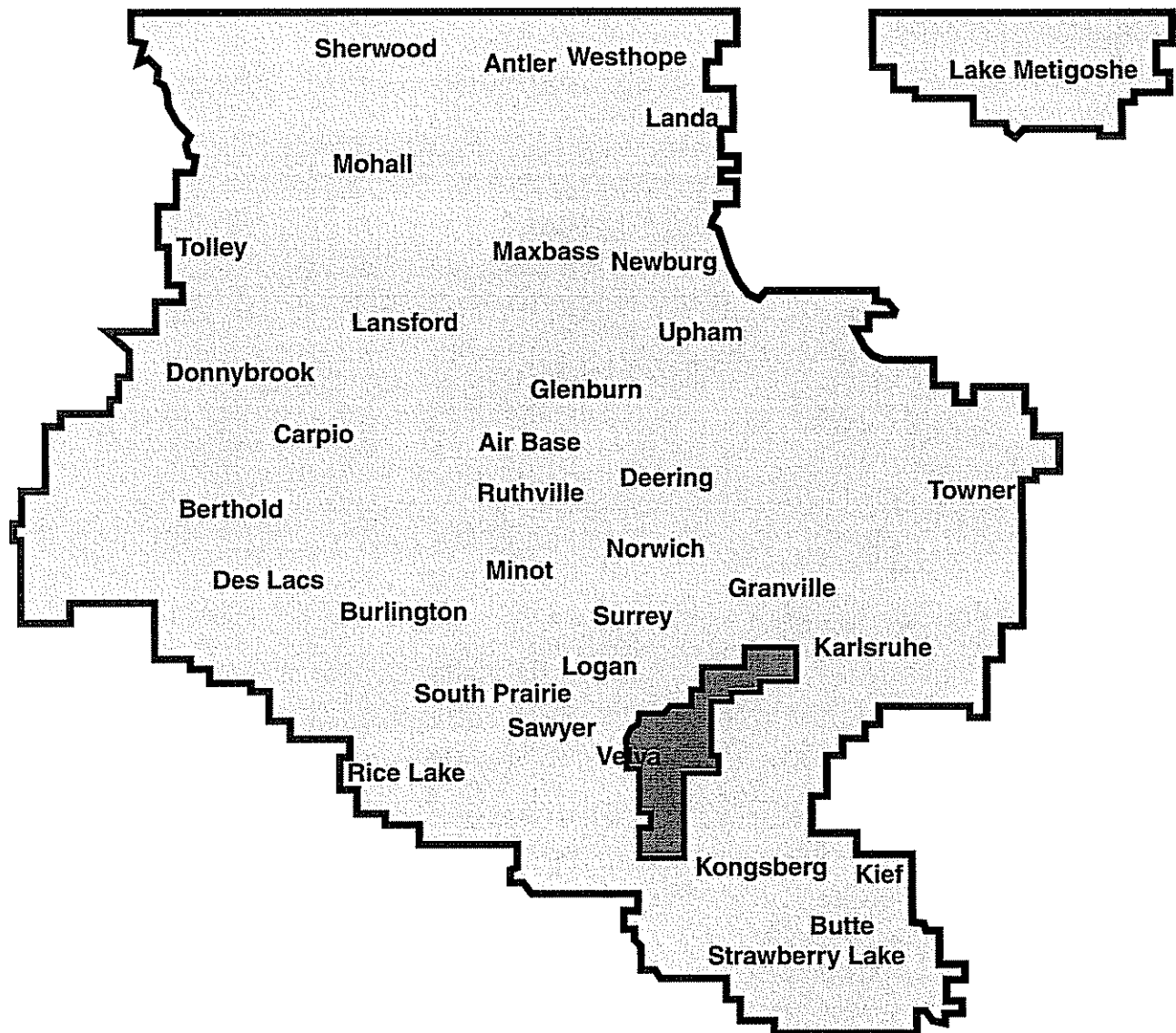
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Date: **October 2, 2006**

Exhibit A

SRT Communications, Inc. Acquisition of Velva Exchange



- SRT's Current Exchanges
- SRT's Requested Velva Exchange